



Defense Acquisition Performance Assessment Project

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What We All Know

- There are many existing studies of Defense Acquisition
- Spotty implementation
- Rapid change in the defense industrial base after Cold War
- Complex regulatory regime involving policies and statutes not well understood by many in leadership positions
- However, the DoD procurement system is the best in the federal government

Themes

- Human element in the acquisition process
- **STABILITY** and **ACCOUNTABILITY** in program requirements and budgeting
- Shrinking defense industrial base
- The will and discipline to fix the problem

The Human Element

- The DoD system does not work well without strong, experienced leadership at the top
- Obtaining experienced leadership is becoming more difficult
- Need an educated and experienced government and industry workforce to execute the complex government acquisition process
- Both Government and Industry workforce aging and increasingly fragile – not understood by many in Congress
- DoD must focus more resources on developing replacements for aging workforce – industry will do its part

Stable Requirements

- To do what?
- Cold War – Post Cold War – War on Terrorism
- War on Terrorism vs. Emerging Threats
- Paradigm – Strategy – Plan
- Lacking a clear framework, modernization will be the bill payer for growth in O&M and Personnel

Stable Budgets/Stable Programs

- Can modernization be stabilized?
- Yes – but, with difficulty
- Multi-year procurements
- Baselined, protected programs
- Discipline within the acquisition community
- Budget to CAIG or Service estimate
- Accountability
- Loss of budget flexibility

Defense Industrial Base

- Current sales growth and profitability is misleading
 - Growth in defense spending is expected to slow and possibly decline as competition for funding for domestic needs increases and the Iraq War slows
- A new business model is needed (Nov 2002 Report of the Commission on the Future of the U.S. Aerospace Industry, Chapters 4 & 7)
 - Stimulate flow of capital into the industry through increased Government investment and innovative policies
 - Policies should address mergers and acquisitions, procurement and budgeting policies, research and development investments, technology transition, international sales, and workforce development

Commit to Improving the Process

- Will and discipline are required to implement the necessary fixes
- Collaborate early with industry during the program planning cycle
- Commit to stability
 - Start with existing programs
 - Baseline and don't trade out year cost growth for short term savings

Recommendations

- DoD should create a highly visible human capital program to secure experienced acquisition personnel at all levels
- DoD should work with industry to stabilize all major programs
- DoD should work with industry to create the business model outlined in the Report of the Commission on the Future of the U.S. Aerospace Industry
- Joint DoD/Industry approach to Congress



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